

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In re RathGibson, Inc. et al

Case No. 09-12452 (CSS)

Reporting Period: September 30, 2009

MONTHLY OPERATING REPORT

File with Court and submit copy to United States Trustee within 20 days after end of month.

Submit copy of report to any official committee appointed in the case.

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached	Affidavit/Supplement Attached
Schedule of Cash Receipts and Disbursements	MOR-1	X		
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1a	X		
Schedule of Professional Fees Paid	MOR-1b	X		
Copies of bank statements				
Cash disbursement journals				
Statement of Operations	MOR-2	X		
Balance Sheet	MOR-3	X		
Status of Postpetition Taxes	MOR-4	X		
Copies of IRS Form 6123 or payment receipt				
Copies of tax returns filed during reporting period				
Summary of Unpaid Postpetition Debts	MOR-4	X		
Listing of aged accounts payable	MOR-4	X		
Accounts Receivable Reconciliation and Aging	MOR-5	X		
Debtor Questionnaire	MOR-5	X		

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief

Signature of Debtor

Date

Signature of Joint Debtor

Date



Signature of Authorized Individual*

10/20/09

Date

Jan M. Smith

Printed Name of Authorized Individual

CFO

Title of Authorized Individual

*Authorized individual must be an officer, Director, or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company

RathGibson, Inc.
Cash Receipts & Disbursements
September 1, 2009 through September 30, 2009
(USD thousands)

	RathGibson	Greenville	Total
RECEIPTS			
Receipts	\$ 13,327	\$ 1,841	\$ 15,168
Wires - in	-	-	-
Tax refunds	-	-	-
Other	-	-	-
Total Receipts	13,327	1,841	15,168
Expenses			
Trade Payables			
Metal Vendors	7,395	477	7,872
Freight Vendors	424	11	435
Industrial Gas Vendors	205	27	232
Other Vendors	644	21	665
Subtotal Trade Payables	8,668	536	9,204
Utilities	333	61	394
Rent	197	-	197
Employee Benefits	545	27	572
Insurance	-	-	-
Taxes	-	-	-
Payroll and Payroll Taxes	2,253	422	2,675
Capital Expenditures	60	-	60
Professional Fees (Ordinary Course)	38	-	38
Legal Fees - Union Discussions	44	-	44
Interest/Bank Fees	9	4	13
Misc.	781	71	852
Chapter 11 Related			
Professional Fees	366	-	366
Admin Claims	-	-	-
DIP Interest/Fees	710	-	710
Cure Payments/Claim Amounts	-	-	-
Other	101	-	101
Total Expenses	\$ 14,105	\$ 1,121	\$ 15,226

In re RathGibson, Inc. et al
Debtor

Case No. 09-12452 (CSS)
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Bank Name	Bank Account #	GL Balance	Deposits in Transit	Outstanding Checks	Transfers	Other	Bank Balance
RathGibson, Inc.							
<u>Janesville</u>							
Wells Fargo Bank, N.A.	0531	\$ 29,394,340	\$ -	\$ -	\$ -	\$ -	\$ 29,394,340
Wells Fargo Bank, N.A.	6662	400,985	-	-	-	70,029	471,014
Wells Fargo Bank, N.A.	1280	143,542	-	-	-	-	143,542
Bank of China	1001	-	-	-	-	1,604	1,604
<u>North Branch</u>							
PNC Bank	6805	921	-	-	-	-	921
<u>Marrero</u>							
JP Morgan Chase	7806	3,484,486	-	43,013	-	(22,333)	3,505,166
JP Morgan Chase	7814	4,485	-	-	-	-	4,485
Greenville Tube Company							
Bank of America	5347	3,576,681	-	45,359	(3,189,072)	-	432,968
Bank of America	0826	-	-	-	3,189,072	-	3,189,072
First Security Bank	1774	3,413	-	278	-	(9)	3,682
RG Tube Holdings LLC							
Wells Fargo Bank, N.A.	5578	720,802	-	-	-	-	720,802
Total		\$ 37,729,655					\$ 37,867,596

FORM MOR-1a

RG Tube Holdings LLC and Subsidiaries
 Consolidating Income Statement
 For The Month Ended September 30, 2009

	RuthGibson	Greenville	RGCH	RG Tube	Eliminations/ Recesses	Consolidated Total
NET SALES:						
Gross sales	\$ (15,408,874)	\$ (2,114,135)	\$ -	\$ -	\$ 243,197	\$ (17,279,812)
Less returns & allowances	52,108	680	-	-	-	52,788
Net sales	(15,356,766)	(2,113,455)	-	-	243,197	(17,227,024)
COST OF GOODS SOLD:						
Material	9,474,324	1,273,675	-	-	(253,197)	10,494,802
Plant labor	909,300	281,976	-	-	-	1,191,276
Fixed overhead	1,174,910	92,517	-	-	-	1,267,427
Variable overhead	3,151,226	351,091	-	-	-	3,502,317
Total cost of goods sold	14,709,760	1,999,259	-	-	(253,197)	16,455,822
Gross profit	(647,006)	(114,196)	-	-	(10,000)	(771,202)
OPERATING EXPENSES:						
Selling, general and administrative	3,304,714	149,667	-	145	-	3,654,526
Amortization	759,808	192,500	-	-	-	952,308
Total operating expenses	4,264,522	342,167	-	145	-	4,606,834
(Income) loss from operations	3,617,516	227,971	-	145	(10,000)	3,835,632
INTEREST EXPENSE, NET						
(Income) loss from income taxes	1,588,403	(70,713)	-	-	-	1,517,690
(Income) loss from income taxes	5,205,919	157,258	-	145	(10,000)	5,353,322
INCOME TAX EXPENSE (BENEFIT):						
Federal income tax	705,000	(774,000)	64,000	1,000	4,000	-
State income tax	15,048	(49,000)	1,000	1,000	-	(31,952)
Deferred income tax	1,062,551	834,000	(241,000)	-	-	1,655,551
Total income tax expense (benefit)	1,782,599	11,000	(176,000)	2,000	4,000	1,623,599
Net (income) loss	\$ 6,988,518	\$ 168,258	\$ (176,000)	\$ 2,145	\$ (6,000)	\$ 6,976,921

RG Tube Holdings LLC and Subsidiaries
 Consolidating Income Statement
 For The Month Ended September 30, 2009

SUPPLEMENTAL DATA:

	RuthGibson	Greenville	RGCH	RG Tube	Eliminations/ Reclasses:	Consolidated Total
Depreciation expense:						
Depreciation expense - COGS	\$ 564,844	\$ 67,066	\$ -	\$ -	\$ -	\$ 631,910
Depreciation expense - SG&A	26,108	8,231	-	-	-	34,339
	<u>\$ 590,952</u>	<u>\$ 75,297</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 666,249</u>
Salaries and wages						
Salaries and wages - COGS	\$ 1,238,000	\$ 350,373	\$ -	\$ -	\$ -	\$ 1,588,373
Salaries and wages - SG&A	832,730	60,048	-	-	-	892,778
	<u>\$ 2,070,730</u>	<u>\$ 410,421</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,481,151</u>
Management fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Exceptional items:						
Inventory adjustments - purchase accounting - COGS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory overhead adjustments - COGS	-	-	-	-	-	-
Equity compensation expense - SG&A	-	-	-	-	-	-
Other - SGA	1,844,490	-	-	-	-	1,844,490
Goodwill and tradename impairment-SG&A	-	-	-	-	-	-
	<u>\$ 1,844,490</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,844,490</u>
Adjusted EBITDA:						
Net income (loss)	\$ (6,988,518)	\$ (168,258)	\$ 176,000	\$ (2,145)	\$ 6,000	\$ (6,976,921)
Income tax expense (benefit)	1,782,599	11,000	(176,000)	2,000	4,000	1,623,599
Interest expense	1,588,403	(70,713)	-	-	-	1,517,690
Depreciation and amortization	1,350,760	267,797	-	-	-	1,618,557
EBITDA	(2,266,756)	39,826	-	(145)	10,000	(2,217,075)
Management fees	-	-	-	-	-	-
Exceptional items	1,844,490	-	-	-	-	1,844,490
Adjusted EBITDA	<u>\$ (422,266)</u>	<u>\$ 39,826</u>	<u>\$ -</u>	<u>\$ (145)</u>	<u>\$ 10,000</u>	<u>\$ (372,585)</u>

RG Tube Holding LLC and Subsidiaries
Consolidating Balance Sheet
As of September 30, 2009

	RathGibson	Greenville	RGCH	RG Tube	Eliminations/ Recesses	Consolidated Total
CURRENT ASSETS:						
Cash	\$ 33,431,160	\$ 3,580,093	\$ -	\$ 720,802	\$ -	\$ 37,732,055
Accounts receivable, net	21,326,803	3,240,818	-	-	-	24,567,621
Accounts receivable	(94,101)	(183,246)	-	-	-	(277,347)
Less reserve for bad debts	21,232,702	3,057,572	-	-	-	24,290,274
Intercompany accounts and notes receivable	8,547	14,467,995	-	-	(14,476,542)	-
Inventories						
Raw materials	21,698,158	7,307,033	-	-	-	29,005,191
Work-in-process	2,419,822	671,383	-	-	-	3,091,205
Finished goods	11,293,492	31,222	-	-	(14,000)	11,310,714
Prepaid expenses and other	35,411,472	8,009,638	-	-	(14,000)	43,407,110
Refundable income taxes	5,617,701	307,656	-	-	(97,000)	5,828,357
Deferred income taxes	289,819	1,912,000	3,033,000	-	(4,216,366)	1,018,453
	2,329,000	562,000	-	-	-	2,891,000
Total current assets	98,320,401	31,896,954	3,033,000	720,802	(18,803,908)	115,167,249
PROPERTY, PLANT AND EQUIPMENT, NET:						
Land and land improvements	-	-	-	-	-	-
Buildings and structures	-	-	-	-	-	-
Leasehold improvements	2,049,776	350,109	-	-	-	2,399,885
Machinery and equipment	52,857,288	6,723,455	-	-	-	59,580,743
Office furniture and fixtures	1,245,201	339,138	-	-	-	1,584,339
Construction in progress	1,059,211	562,245	-	-	-	1,621,456
Property, plant and equipment, gross	57,211,476	7,974,947	-	-	-	65,186,423
Less accumulated depreciation	(13,730,003)	(1,561,754)	-	-	-	(15,291,757)
Property, plant and equipment, net	43,481,473	6,413,193	-	-	-	49,894,666
OTHER ASSETS:						
Goodwill	14,110,547	16,912,403	-	-	-	31,022,950
Intangible assets, net	97,257,633	27,660,000	-	-	-	124,917,633
Deferred financing costs and other	549,346	33,751	-	-	-	583,097
Deferred income taxes	-	-	12,093,000	-	(12,093,000)	-
Total other assets	111,917,526	44,606,154	12,093,000	-	(12,093,000)	156,523,680
INTERCOMPANY INVESTMENTS						
Total assets	89,142,000	-	214,559,751	106,045,063	(409,746,814)	-
Total assets	\$ 342,861,400	\$ 82,916,301	\$ 229,685,751	\$ 106,765,865	\$ (440,643,722)	\$ 321,585,595

RG Tube Holding LLC and Subsidiaries
 Consolidating Balance Sheet
 As of September 30, 2009

	RathGibson	Greenville	RGCH	RG Tube	Eliminations/ Recinsses	Consolidated Total
CURRENT LIABILITIES:						
Current installment of long-term debt	\$ (80,000,000)	-	-	-	-	-(80,000,000)
DIP facility	(9,130,080)	(1,004,476)	-	-	-	(10,134,556)
Accounts payable	(14,467,995)	(8,547)	(97,000)	-	14,573,542	-
Intercompany accounts and notes payable	(1,632,185)	(477,729)	-	-	-	(2,109,914)
Accrued expenses	(43,750)	(18,567)	-	-	-	(62,317)
Accrued compensation	(9,097,133)	(438,560)	-	-	-	(9,535,693)
Interest payable	(10,773,068)	(934,856)	-	-	-	(11,707,924)
Due to seller	(4,197,606)	(89,330)	(2,000)	(9,000)	4,220,366	(77,570)
Other accrued expenses	-	-	-	-	-	-
Income taxes payable:						
Deferred income taxes	(118,568,749)	(2,037,209)	(99,000)	(9,000)	18,793,908	(101,920,050)
Total current liabilities						
	(219,704,631)	(1,911,389)	(152,224,770)	-	-	(373,840,790)
	(16,937,000)	(11,025,000)	-	(15,000)	12,093,000	(15,884,000)
	-	(2,100,000)	-	-	2,100,000	-
LIABILITIES SUBJECT TO COMPROMISE:						
Pre-petition accounts payable	(1,561,389)	(272,985)	(51,250)	-	-	(1,885,624)
Pre-petition other accrued expenses	(371,736)	-	-	-	-	(371,736)
Interest payable	(9,250,000)	(2,900)	(4,108,796)	-	-	(13,361,696)
Bonds payable	(208,521,506)	-	-	-	-	(208,521,506)
IRB	-	(1,635,504)	-	-	-	(1,635,504)
PIK note payable	-	(148,064,724)	-	-	-	(148,064,724)
Total liabilities subject to compromise						
	(219,704,631)	(1,911,389)	(152,224,770)	-	-	(373,840,790)
	(16,937,000)	(11,025,000)	-	(15,000)	12,093,000	(15,884,000)
DEFERRED INCOME TAXES						
	-	(2,100,000)	-	-	2,100,000	-
MANDATORILY REDEEMABLE PREFERRED						
	-	(2,100,000)	-	-	2,100,000	-
STOCKHOLDERS' EQUITY						
Common stock, A	(1)	(25)	(1)	-	27	-
Common stock, B	-	(1,015)	-	-	1,015	-
Unit interests	-	-	-	(106,718,921)	-	(106,718,921)
Additional paid-in capital	(214,559,750)	(87,040,960)	(106,045,062)	-	407,645,772	-
Retained earnings	200,758,393	20,346,062	19,642,192	(26,692)	21,000	240,740,955
Beginning of year	-	-	-	-	-	-
Dividends	26,150,338	853,235	9,040,890	3,748	(11,000)	36,037,211
Current year (income) loss	226,908,731	21,199,297	28,683,082	(22,944)	10,000	276,778,166
End of year	12,348,980	(65,842,703)	(77,361,981)	(106,741,865)	407,656,814	170,059,245
Total stockholders' equity						
	\$ (342,861,400)	\$ (82,916,301)	\$ (229,685,751)	\$ (106,765,865)	\$ 440,643,722	\$ (321,585,595)

In re RathGibson, Inc. et al

Case No. 09-12452 (CSS)

Debtor

Reporting Period: September 30, 2009

ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

Accounts Receivable Reconciliation (in thousands)		Amount
Total Accounts Receivable at the beginning of the reporting period	\$	22,355.5
+ Amounts billed during the period		17,227.0
- Amounts collected during the period		(15,167.7)
+/- Change in collections unavailable to the company (float 1-2 days)		(314.2)
+/- Other		467.0
Total Accounts Receivable at the end of the reporting period	\$	24,567.6
Accounts Receivable Aging (in thousands)		Amount
Current	\$	17,223.1
1-30 days past due		6,403.5
31-60 days past due		604.9
61+ days past due		336.1
Total Accounts Receivable		24,567.6
Amount considered uncollectible (Bad Debt)		(277.3)
Accounts Receivable (Net)	\$	24,290.3

DEBTOR QUESTIONNAIRE

Must be completed each month	Yes	No
1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below.		X
2. Have any funds been disbursed from any account other than a debtor in possession account this reporting period? If yes, provide an explanation below.		X
3. Have all postpetition tax returns been timely filed? If no, provide an explanation below.	X	
4. Are workers compensation, general liability and other necessary insurance coverages in effect? If no, provide an explanation below.	X	
5. Has any bank account been opened during the reporting period? If yes, provide documentation identifying the opened account(s). If an investment account had been opened provide the required documentation pursuant to the Delaware Local Rule 4001-2		X

In re RathGibson, Inc. et al., Case No. 09-12453(CSS)
Reporting Period: September 1, 2009 - September 30, 2009

NOTES TO THE MONTHLY OPERATING REPORT

This Monthly Operating Report contains financial information that has been prepared by the Debtors' management and has not been audited or reviewed by independent registered public accountants. The financial information in the Monthly Operating Report has been prepared using standards consistent with generally accepted accounting principles and may be subject to future reconciliations and adjustments. Accordingly, the Monthly Operating Report does not include all of the information, eliminations and footnotes required by generally accepted accounting principles in the United States for complete financial statements. The financial information included herein reflects all adjustments (consisting only of normal recurring adjustments, except as noted elsewhere in the notes to financial statements), which, in the opinion of management, are necessary for a fair presentation of the results for interim periods.

While management of the Debtors has made every effort to ensure that the Monthly Operating Report is accurate and complete based on the information that was available at the time of preparation, inadvertent errors or omissions may exist and the subsequent receipt of information may result in material changes in the data contained in the Monthly Operating Report that would warrant amendment of the same. The Debtors reserve the right to amend the Monthly Operating Report as necessary or appropriate and expect to do so as new or additional information becomes available.

These financial statements are prepared for the sole purpose of meeting the Operational Guidelines with respect to debtor in possession companies as required by the Office of the United States Trustee.

The Debtors reserve the right to dispute, or assert offsets or defense to, any claim, including income taxes payable and income tax refunds, reflected on the Monthly Operating Report and any prior Monthly Operating Report as to amount, liability or classification.